

Forest Certification in Papua New Guinea

Yati Bun and Israel Bewang***

ABSTRACT

In Papua New Guinea (PNG), 97 percent of the land and forest resources are customary owned and constitute some of the most important assets that sustain livelihoods. As a result, people have a direct relationship with both.

With the introduction of commercial logging, landowners have been marginalized in decision-making concerning their forest resources. Forest resource owners continue to have to deal with the negative consequences of decisions made by others. While such individuals are interested in forest certification because they think it can be a solution to the ongoing problems related to large-scale logging, they do not have the economic, technical and resource capacity to undertake it. The high cost of forest certification precludes implementation in PNG, meaning that forest management that is economically viable, socially beneficial and environmentally sound cannot be achieved using this tool.

The Papua New Guinea Government, through the National Forest Authority's administrative arm, the National Forest Service, is aware of certification, but most large-scale logging companies show no interest. These companies can be attracted to certification if there is a price premium, market demand, and the costs of getting certified are affordable. There is a need too for greater publicity about forest certification so that stakeholders can make an informed choice. Forest certification in PNG will require continued assistance if it is to promote change from unscrupulous forest management to improved certified practices. Medium- and small-scale producers are very interested in FSC forest certification and are working on it; only community-managed forests are certified in PNG.

* Yati Bun, M.F.M.
Executive Director Foundation
for People and Community
Development Inc (FPCD) P.O.
Box 5134, Boroko, NCD, Papua
New Guinea
yabun@datec.net.pg

** Israel Bewang, B.F.S.
Forest Certification Officer
Foundation for People and
Community Development Inc.
(FPCD) P.O. Box 297,
MADANG 511, Saidor District,
Madang Province,
Papua New Guinea
ifbewang@fpcd.org.pg

INTRODUCTION

The most developed forest certification scheme in Papua New Guinea is the Forest Stewardship Council (FSC), with national standards being developed and submitted to the FSC International Secretariat for endorsement. Before these were developed, the international FSC standards were used to certify community managed forests and were funded by foreign donors. The process of developing the PNG national standards began in 1996, and was carried out mainly by local NGOs funded by international donors. Initial requests to have FSC International endorse the PNG FSC standards were not successful because of significant flaws. Work is continuing to produce a set of nationally accepted FSC standards.

The PNG government is also working to develop an International Tropical Timber Organisation (ITTO) standard, especially criteria and indicators for sustainable forest management at both the national and forest management unit levels, because PNG is an ITTO member country. The large-scale logging companies within the Forest Industry Association (FIA) are working on a certification system similar to the Malaysian Timber Certification Council (MTCC) in an effort to unify other Pacific countries with a regional standard that is acceptable and affordable. Only one large scale logging company is pursuing FSC certification.

According to FIA, PNG is a developing country and therefore has different needs, possibilities and resources regarding forest certification than developed countries. Certification is perceived as another market requirement imposed by importers; it is difficult to meet and may constitute a barrier to trade rather than promotion of export. FSC forest certification in PNG is spearheaded by individual volunteers and national NGOs, backed by international NGOs with little or no support from the government. International donors are playing a very important role in the establishment of forest certification, especially by providing funds for FSC accredited certifiers and getting the communities to prepare their forest areas for certification.

Forest certification is donor funded and occurs in response to project proposals being submitted by interested stakeholders. Without donor funding, forest certification would be unable to sustain itself, as there are many costs involved. There is a trend in PNG of projects related to forest certification ceasing when donor funding stops. For example, PNG had community forestry groups enrolled in two FSC group certificates, but these have now expired due to a lack of review visits, caused in turn by the high cost of certification, ignorance, and expiration of donor funding.

Forest certification in PNG has the potential to serve as a leading example of what can be done to improve locally owned and managed forests. However, to be successful, certification needs to be economically viable, and there is a need for business management skills amongst the community groups pursuing certification, so that they can effectively manage the financial resources received from marketing certified products.

This case study analyses the situation currently faced in PNG and traces the lessons learned about forest certification.

BACKGROUND

Historical Context

Forestry Problems

The major problems in the logging industry in PNG are (a) forest management problems (such as destruction of biological diversity, water pollution, unsustainable practices leading to resource exhaustion); and (b) widespread corruption (including illegal logging) in all levels of the forestry sector. Other reported problems include difficult working conditions (with logging companies working in tough physical conditions on project sites that are remote and mountainous, increasing operational costs); and negative impacts on women (who are directly linked to the forests via the collection of food, building materials, and medicine).

With respect to (a), the current forestry practice is more like mining than managing the forests. Good forest management practices that ensure the maintenance of forest cover over the long-term are not being carried out. Logging companies appear to have a free hand, with the main role of the forest authority being to acquire the forest resources and allocate them to logging companies. Current practices do not treat forests holistically, and do not recognize the many other non-monetary benefits that can be derived from forests. There are a large number of stakeholders (resource owners, the private sector, donor agencies, politicians, public servants and NGOs) involved in using forest resources and hence there is a need to take on board these varying interest groups and uses.

Interviews with representatives of forest resource owners from Madang Province highlight these problems. The Gogol/Naru Resource Owners' Association is one of the oldest landowner groups in PNG and the Madang Forest Resource Owners Association (MFROA) is one of the biggest (over 120 members) and well-organized resource owner groups. These community activists noted that during the Colonial period, customary resource owners were given little choice in managing their lands, because the state wanted to own everything in the name of development. Logging was allowed and police imprisoned those who opposed it. Between the early 1950s and early 70s, the state controlled the forest resource, a large-scale forest industry developed, and customary forest resource owners were not involved in planning or management. Resource owners were treated as *kanakas* (natives without any knowledge and of the lower class).

In 1971, PNG was under self-government and, together with Australia, negotiated the Timber Rights Purchase (TRP) arrangement to clear fell the Gogol/Naru area. In 1972, the operation commenced, trees were felled with bulldozers, and trucks took the logs to town where they were processed into chips for JANT, a New Guinea timber company. From the point of view of community activists, this was a disaster, as the forest, which was once the natural wealth of their forefathers, was denuded and turned into bare land. The environmental, social and economic effects have been serious. With the destruction of the forests, the social fabric was strained, and there was very little economic development (only K5 was paid per cubic metre for the logs).

Following this clear felling of the natural forests, *Acacia mangium* plantations were established and today the area produces woodchips.

It has been estimated that 300,000 ha of forest is removed annually (60,000 ha through logging, 200,000 ha through shifting cultivation and 40,000 ha through mineral exploitation according to Foundation of South Pacific (FSP) in 1993). Most recently, an increasing amount of the forest resources were destroyed through wild fires during extreme dry periods.

In addition to destructive logging practices, there is widespread corruption in the logging industry. Logging companies often do not comply with the conditions of their permits, creating many problems. Government officers responsible for monitoring such operations do not have the capacity to carry out their jobs or are negligent. The logging companies are able to evade effective regulation without anybody holding them accountable.

Moreover, government procedures for acquiring forest resources and tendering out logging contracts are not being followed. There have been many instances of irregularities in the issuing of permits to timber companies. Timber permit obligations are not fully complied with or, in some cases, not complied with at all. Landowners are left with temporary roads, sub-standard buildings, and many unfinished or uncompleted projects. No one in authority is willing to take seriously the fact that permit obligations are not honoured. Corruption is experienced during all phases of a project's implementation, resulting in disputes, jealousy, and dishonesty as many landowners miss out on the benefits.

Landowners are supposed to be the biggest beneficiaries of the logging that takes place in their forests. Unfortunately, since logging began seriously in the late 1970s in PNG, landowners have always been sidelined and have little or no say in how their forests are managed. There is no respect at all for the traditional way of life and usually all is lost when the bulldozer goes into the forests. When landowners raise a protest, they are often threatened with legal action or are thrown into jail, Berry (2004) argues. Greenpeace's 2004 report entitled "The Untouchables" states that in PNG, Malaysian logging companies routinely resort to corruption, payoffs, human rights abuses – and occasionally even condone torture and rape – all in order to carry out extremely environmentally and socially damaging ancient forest liquidation. Rimbunan Hijau of Malaysia, which dominates PNG's timber industry and politics, is alleged to be one of the major players in global forest crime. These reports highlight the degree to which global trade in illegal and destructively logged timber from the Earth's last fully intact and operable forest ecosystems is out of control.

The Role of Forest Certification

To address the above problems, forest certification can assist Papua New Guineans to set standards that will help save their forests, bringing them greater benefits than they can earn from foreign owned large-scale logging. However, it is unable to assist them in meeting the cost of preparing certifiable forests or to cause the government to make changes to forest policies to accommodate internationally accepted standards of sustainable forest management such as FSC's.

Forest certification combined with small-scale sawmilling is environmentally sound, but there are problems linking forest areas to the markets and maintaining supply. Such activities are labour intensive and there are significant transport problems due to the rugged terrain and lack of transport infrastructure including roads and bridges. In order for forest certification to make a real impact, the national standards need to be accepted willingly by the different stakeholders, including the government, without fear of national sovereignty being compromised by international certification schemes. Only then can certification be included in the national forest policy and be able to address the problems faced.

Policy Responses

The Papua New Guinea Forest Authority (PNGFA) has initiated a resource development and allocation process as outlined below and forest development must comply with the National Forest Plan of 1996. The process involved in resource allocation is as follows:

- Forest Land to be developed for Long Term Production Forestry
- Landowner Awareness Programme
- Development Options Study
- Forest Management Agreement
- Call for Project Proposal
- Selection of Preferred Developer
- Developer Feasibility Study
- Project Agreement
- Approval of Project Agreement under Environment Planning Act
- Timber Permit
- Performance Bond and Operational Planning Approvals
- Harvest Authorisation

There are three basic arrangements for obtaining rights to harvest timber: timber permits, timber authorities and timber licences. There used to be Local Forest Areas (LFA) arrangements, where landowners dealt directly with logging companies, but these were eliminated in the 1991 amendments to the Forestry Act. However, some LFAs that have not expired remain.

Timber Permits are issued by the National Forest Minister to logging companies and constitute Forest Management Agreements (FMA) with big volumes for periods of over 10 years. Timber Permits are the major avenues for forest development in the country. The projects take place after necessary documents are signed between the government, the landowners and the company. According to PNG National Forest Policy 1991, the following steps are to be followed when issuing a Timber Permit:

- PNGFA enters into a FMA with landowners that sets out who is to carry out the forestry operations, what is required of them under the timber permit conditions, and how the benefits to be received by landowners for the rights granted are to be distributed.

- All FMAs are to specify the volume and quantity of merchantable timber, with terms of sufficient duration for proper forestry management to be applied; a map of forest area; certainty of tenure (either via legal land title or written assent to the agreement). The Provincial Forest Management Committee (PFMC) must also be satisfied as to the authenticity of the land tenure claims of the resource owners.
- Forestry operations are permitted on state land approved by the National Forest Board (NFB), on state leasehold land where the lessee consents (and subject to lease conditions), and on customary land where a FMA has been entered into with customary owners and PNGFA.
- Where the PNGFA enters into a FMA, the NFB consults resource owners and the relevant provincial government with respect of its intentions in the allocation of timber permits over the forest area covered by the FMA.

In contrast to Timber Permits, Timber Authorities are issued to forest developers by provincial forest ministers. Timber Authorities may be issued when the annual harvest is not more than 5,000 cubic meters and the timber is for local consumption. Such licences are normally granted for clearing related to agricultural development or road line alignment. Timber Licenses are issued when cases occur that do not fall under the Timber Permit and/or the Timber Authorities. The National Forest Minister issues the license with a usual period of 12 months.

The PNG Forest Authority has developed a Logging Code of Practice (LCOP) that is supposed to be used by all logging companies in their logging operations. LCOP is designed to be used in association with other regulations, and offers guidance on how to reduce adverse impacts of logging on the forests and communities living in them, protect the environment, and maintain forest productivity through economically viable operations within acceptable safety standards (PNGFA 1996). LCOP contains technical operational guidelines setting out how logging will be done in a less environmentally destructive way; however, it does not deal with forest tenure arrangements or social and economic issues.

The aim of LCOP is to reduce the impact on the environment by promoting the use of the Selective Logging Extraction System in the natural forests. All timber companies are supposed to use selective cutting systems in logging concession areas. They are supposed to mark trees to be felled, conduct pre- and post-harvesting inventories, and harvest trees using directional felling to minimize adverse damage to the residual stock and the environment. However, overall, companies are not adhering to this system, in part because the Forestry Act does not impose penalties for excessive damage to the residual stock (PNGFSP 1993). Also, LCOP does not apply in plantations where clear-felling is being practiced, such as those carried out in JANT-owned Acacia Plantations in Madang and in other operations around the country (such as Bulolo pine plantations in Morobe province, Balsa wood in East New Britain Province, Lapegu, Fayantina and Norikori plantations in Eastern Highlands province, and the Brown River Teak Plantations in Central province).

Despite the existence of the Logging Code of Practice and other legal arrangements, PNG's forest resources are mismanaged and resource owners do not get the maximum benefit from their resources. Local land and community groups are marginalised and mistreated and are fought in court. One example of this mismanagement occurred when the National Forest Board gave approval for what was presented as a small agricultural clearance operation that turned out to be a large-scale logging operation involving the export of logs worth over US\$10 million. This project was sponsored by a logging company with a record of illegal forest practices (Masalai 2002) and illustrates the complete failure of governance in the logging sector.

In another example, Justice Mark Sevua of the National Court commented that national government turns a blind eye to the cries of the resource owners of PNG and ignores their interests. He stated that the Minister for Forests did not take the interests of the village people who own the forest resources into consideration; he argued that the interests of the resource owners could not be brushed aside. Judge Sevua's comments were made in a case involving Frontier Holdings (a subsidiary of the giant Malaysian logging company Rimbunan Hijau) being sued by Vailala Purari (a landowner company) (Post Courier 2003).

Mistreatment such as that outlined above is often exposed by non-government organizations. An NGO umbrella organization called Eco-forestry Forum (EFF) and other legal organizations have helped local communities and have had some successes. For instance, Greenpeace is one prominent organisation that supports the local customary forest owners and fights illegal deals that are environmentally unsustainable. Legal NGOs assisting the forest resource owners in their court battles include Centre for Environmental Law and Community Rights (CELCOR) and the Environmental Law Centre (ELC). In addition, local eco-forestry and community development NGOs like Foundation for People and Community Development Inc. (FPCD), Village Development Trust (VDT) and the former Pacific Heritage Foundation (PHF) attempt to produce sustainable certified alternatives using small sawmills.

Structural Features

Forest Area and Location

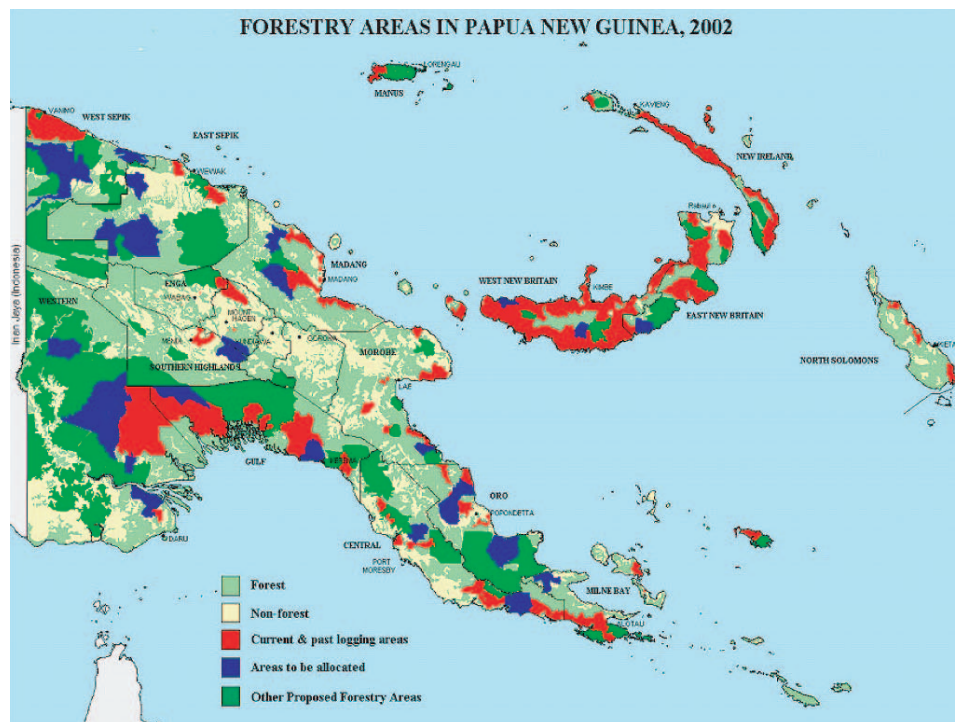
Papua New Guinea extends from 3 degrees below the equator to 12 degrees south and is directly north of Australia and east of Indonesia. PNG has by far the largest area of tropical rainforest in the Oceania region. The forests of the Island of New Guinea (PNG and West Papua together) account for the third largest remaining block of tropical rainforest on the planet after the Amazon and Congo forests (Chatterton *et al.* 2000). The total land area of PNG is 46 million ha, and over 77 percent is covered in some kind of forest ranging from mangroves on the coast to high altitude alpine forest at about 3,000 meters above sea level.

About 80 percent of the total population of PNG (5.2 million with a growth rate of 2 percent) are based in rural areas and there are over 800 languages and tribal groups (FSP/PNG 1993). Ninety-seven percent of land in PNG is customary owned by traditional land groups; the state owns the other 3 percent, which is mainly in urban areas.

For any developmental purpose regarding land-based resources, consent has to be sought from the landowners. Agreements on resource use are usually made between three main parties: customary owners, the state, and the developer.

The forests that are constantly harvested are found in the lowland rainforest and other mid-montane forests, but most other forest types are located in the higher inaccessible areas. Presently some of these forests are under threat from major developments like oil palm, mining, and large-scale logging.

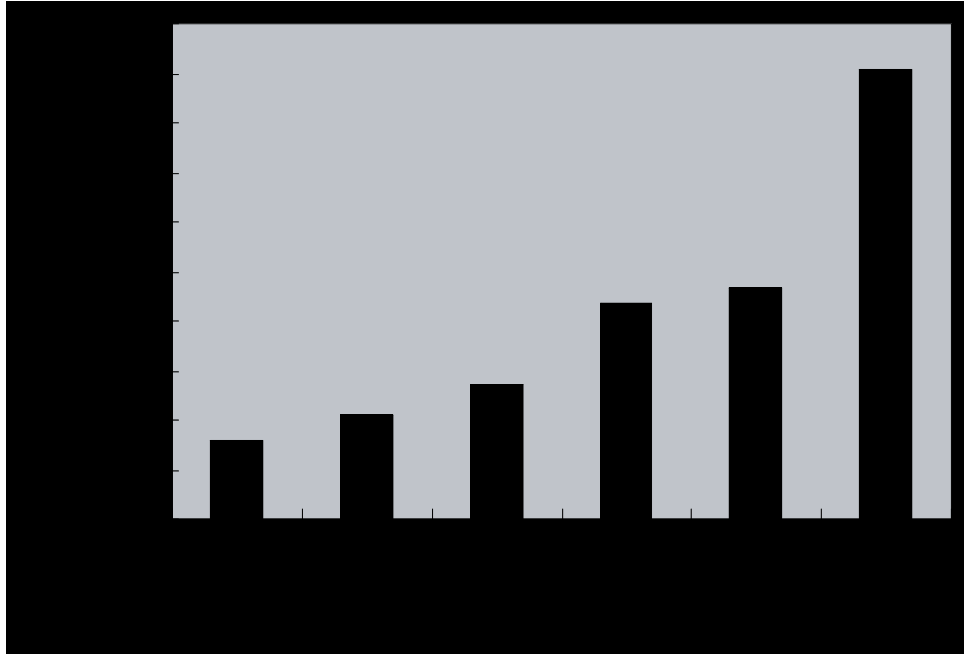
Figure 1 Map showing the extent of the allocation of PNG's forest resources to the logging industry



Source: Shearman and Cannon 2002

It is important to note that the majority of what here is termed “proposed forestry areas” cannot be logged: many are completely inaccessible and some do not include much merchantable forest type, and indeed, some have been logged already.

The graph in Figure 2 shows how over the last 30 years, the size of concessions being allocated to the industry has expanded significantly.

Figure 2 Concession Expansion 1975-2000

Source: Shearman and Cannon 2002

Of the total forest area of Papua New Guinea (26.1 million hectares), 7.1 million hectares (27 percent), had been allocated to forestry operations by 1996. By the year 2002, this figure had increased to 11.2 million hectares (42 percent), allocated to either working concessions or earmarked for forestry in unallocated concessions. While 14.9 million hectares remained unallocated, of the total forest resource available in 1996, only 11.7 million hectares was suitable for forestry operations (see Table 1). Of this area of unconstrained forest (accessible or operable), some 6.7 million hectares or 57 percent has been allocated to the forestry sector.

When these figures are adjusted to equate to log volumes per hectare, approximately 70 percent of the total timber resources have already been allocated to the timber industry. This is because the most attractive areas in terms of access and timber volumes have already been logged. It is unclear what portion of the land has been set aside as protected areas and parks, and most of it is located in the constrained forests.

Table 1 Natural forest area by geographic region

Province	Area of Province (sq km)	Gross Forest Area 1996 (sq km)	Area that is accessible and operable
Western	984,520	369,630	306,890
West Sepik	360,540	293,130	148,720
Gulf	3,480,010	235,080	137,550
East Sepik	438,130	202,690	64,740
Morobe	339,330	198,100	44,510
Southern Highlands	25,480	186,950	64,770
Madang	290,950	186,820	74,830
Central	298,720	175,490	70,650
Oro	227,720	148,990	55,230
West New Britain	204,560	106,090	33,050
East New Britain	153,440	100,820	26,730
Milne Bay	142,640	85,010	36,150
Enga	118,240	71,490	4,000
North Solomons	94,330	63,210	32,840
Eastern Highlands	112,050	53,520	13,310
New Ireland	96,100	47,390	24,500
Western Highlands	91,410	41,180	6,140
Chimbu	61,340	35,480	14,450
Manus	21,500	9,720	9,270
Total	46,410,100	26,107,900	11,683,300

Source: PNGRIS 2000

As evident in Table 2, the majority of forest area unallocated in 2002 has been captured in areas defined as Proposed Forestry Developments (PFDs).¹ PFDs are forest areas that are planned for development into FMAs and other forestry activities like development of future industrial wood production. The national and provincial forest plans developed in PNG provide for PFDs, although many of these areas are in reality probably not feasible for timber harvesting due to physical restrictions to access. The discrepancies in some provinces where there exists a greater area of PFDs than actual unallocated forest is due to several of the PFDs containing non-merchantable vegetation types.

¹ National Forest Authority 2000.

Table 2 Natural forest area under production by geographic region

Province	Gross Forest Area 1996 (sq km) (a)	Total Allocated to Forestry in 2002	Unallocated in 2002	Area of PFDs
Western	369,630	205,930	163,700	153,850
West Sepik	293,130	70,080	223,050	304,780
Gulf	235,080	170,950	64,130	20,750
East Sepik	202,690	74,620	128,070	98,830
Morobe	198,100	39,720	158,380	19,760
Southern Highlands	186,950	16,240	170,710	93,480
Madang	186,820	54,630	132,190	12,970
Central	175,490	58,480	117,010	65,080
Oro	148,990	58,150	90,840	76,580
West New Britain	106,090	197,240	0	13,340
East New Britain	100,820	67,350	33,470	39,240
Milne Bay	85,010	31,160	53,850	19,770
Enga	71,490	4160	67,330	16,430
North Solomons	63,210	9,480	53,730	0
Eastern Highlands	53,520	0	53,520	0
New Ireland	47,390	47,420	0	19,870
Western Highlands	41,180	13,030	28,150	0
Chimbu	35,480	0	35,480	0
Manus	9,720	5,270	4,450	14,790
Total	26,107,900	11,239,000	14,868,900	969,520

Source: PNGRIS 2000

To date, for the entire country, a total of 217 Timber Rights Purchase (TRP), LFAs or FMAs have been allocated covering some 10.5 million ha. Many commentators believe that such a rate of utilisation of PNG's forest resources cannot be sustained.

Ownership and Tenure

Land and forest resources are customary owned and this is recognised by the constitution of Papua New Guinea. Consequently, there are very few leases in operation and land is not "alienable" in the common legal sense. According to Melanesian tradition, the forest resources and land are important to one's whole livelihood (spiritual, economic and medicinal), and are some of the most important assets for sustaining human lives. The forests provide food, building and ornamental products and contribute to preventing poverty, malnutrition and other related diseases. Most NGOs and landowner groups believe that no logging should take place without consent from the landowners and that the treatment of landowners to date has been poor as they are taken as token participants in almost all cases. It is alleged that landowners are marginalized in all forestry decisions and practices, once the government takes the timber rights away from them. All they are left with is a pittance in royalties, together with uncompleted or unfulfilled obligations by other parties.

The NFA negotiates Forest Management Agreements (FMAs) (formerly Timber Purchase Right Agreements (TRP)) with the landowners and acquires rights and pays relevant royalties. The procedures for such acquisitions are provided for in the Forestry Act 1991 as amended. When a feasible forestry project is identified, the company and government officers meet with the landowners to explain the steps involved in its development including the incorporation of the correct landowners, an explanation of the legally binding agreement, and details of the benefits including stumpage payments (Power 1999).

Markets

The main forest product in PNG is round log exports (see Table 3). Export of timber (round logs, sawn timber, wood chips, veneer and plywood) forms an important part of PNG's national economy and China is a major consumer. In the period from 2000-2002 log exports from PNG to China/Hong Kong increased from 741,000 cubic meters (37 percent of total exports) to 1,115,000 cubic meters (62 percent of total exports). In addition to China, Hong Kong, Japan, Korea, Taiwan and the Philippines are important destinations of log exports from Papua New Guinea, with these markets being mainly supplied by the Malaysian company, Rimbunan Hijau.

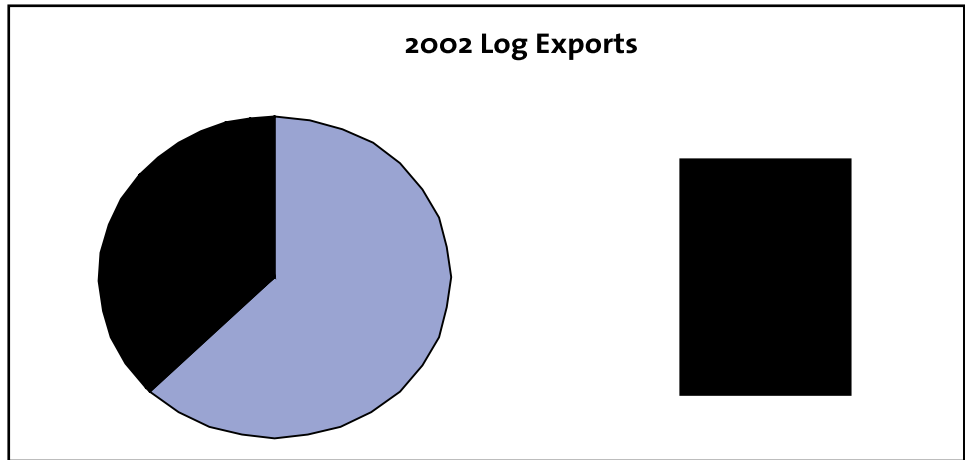
The major players in the forest industry are large-scale, usually foreign-owned, logging companies (see Table 4). These companies open up primary forest areas and produce round logs, which are directly exported abroad. There is very little downstream processing.

Table 3 Annual production of timber products in PNG 2000-2002

Annual volumes	2000	2001	2002	Average
Log production	2,241,000	1,877,000	N/A	2,060,000
Log exports	1,993,000	1,566,000	1,840,000	1,800,000
Veneer	20,000	68,000	Not available	44,000
Plywood	500	900	1,700	1,033
Woodchips*	120,000	97,000	Not available	108,500
Lumber	40,000	40,000	42,000	40,667
Balsa	1,000	2,050	2,700	1916

Source: SGS and PNG Forest Authority.

* The source of these figures is the PNG Forest Industries Association. The records of the PNG Forest Authority give a much lower annual export volume for woodchips (20,000, 10,000, and 0 respectively)

Figure 3 Log export destinations in 2002

Source: Bun, Shearman, King 2003

The forestry sector annual allowable cut (AAC) is 3.3 million cubic meters. Many estimates suggest that, if managed properly, the forestry sector could contribute about US\$270 million to PNG's GDP annually (which includes US\$85 million paid in export taxes/levies and landowners receiving some US\$20 million in direct payments). The AAC is initially set based on the size and economics of the operation, is prescribed in timber permits, and is subject to review as specified in the permit (Ministry of Forests 1991, 20). It is calculated by dividing the total volume of timber in the operable forest area by the number of years allocated to each developer (i.e. total area by volume per hectare over time).

The PNG timber industry is dominated by Malaysian timber companies. Ribunan Hijau is the major company and is responsible for the exploitation of most of PNG's production forests. These large logging companies have so far shown little interest in forest certification because their management views forest certification as something that NGOs support and is for small industries.

Those community forestry operations that have been certified produce mainly rough sawn timber (Table 5). Their markets are already guaranteed and they sell to local exporters. The timber is bought at a price higher than that available in niche and local markets.

Table 4 Ownership of timber production

Location	Logging company	Ownership	Origin
Alimbit Andru	Island Forest Resources	Rimbunan Hijau	Malaysia
Ania Kapiura	Grand Alliance/SBLC	Nissho Iwai	Japan
Bakada Mededua	Hugo Sawmilling	Kerawara	Malaysia
Buhem Mongi Busega	Willis Kent	Private	Malaysia
Cape Orford	Niugini Lumber	Rimbunan Hijau	Malaysia
Central Arowe	Cakara Alam	Overseas and General	Malaysia
East Kikori	Rimbunan Hijau	Rimbunan Hijau	Malaysia
Kumil	Bismarck Industries	Samling	Malaysia
Iva Inika	Hugo Sawmilling	Kerawara	Malaysia
Jaha (south Coast)	Monarch Investments	Rimbunan Hijau	Malaysia
Kali Bay	Rivergoi No.6	Rimbunan Hijau	Malaysia
Kapuluk	Bismarck Industries	Samling	Malaysia
Kiunga-Aiambak	Concord Pacific	Samling	Malaysia
Kula Dagi	Grand Alliance/SBLC	Nissho Iwai	Japan
Makapa	Innovision	Innoprise	Malaysia
Manus West Coast	Seal (Manus)	Rimbunan Hijau	Malaysia
Ome Ome	Hugo Sawmilling	Kerawara	Malaysia
Open Bay	Open Bay Timbers	Kowa Lumber	Japan
Sagarai Gadaisu	Saban Enterprises	Rimbunan Hijau	Malaysia
Seraji and Extension	SSG Services	Kerawara	Malaysia
Simbali	Hugo Sawmilling	Kerawara	Malaysia
Tokoi Matong	Niugini Lumber	Rimbunan Hijau	Malaysia
Turama Extension	Turama Forest Industries	Rimbunan Hijau	Malaysia
Vailala Block 1	Niugini International	Rimbunan Hijau	Malaysia
Vailala Blocks 2&3	Frontier Holdings	Rimbunan Hijau	Malaysia
Vanimo	Vanimo Forest Products	WTK	Malaysia
Wawoi Guavi	Wawoi Guavi Timber	Rimbunan Hijau	Malaysia
West Arowe	Cakara Alam	Overseas and General	Malaysia
West Kaut	Tutuman Development	Private	PNG

Source: SGS 2000

Table 5 Past and present FSC-certified community forestry operations

Project Name/Manager	Timber area	Area (ha)	Year	Status
Bainings Project, Pacific Heritage Foundation	Rabaul, ENBP	12,500	1994	expired
Islands Region Environmental & Community Development Programme (IRECDP)	Kimbe, WNBP	10,000	1999	Up for review

Source: Chatterton *et al.* 2000

Table 6 Community forestry support groups

Organisation	No. of groups	Av. pop/group	Total Area (ha)
Aitape, Sandaun	15	30	30,000
FPCD, Madang	120	35	50,000
VDT, Lae	10	100	15,000
EFP, Kimbe	6	50	10,000

Source: Chatterton *et al.* 2000

The Bainings (Rabaul) project comprising 12,500 hectares was initially managed by the Pacific Heritage Foundation (PHF), a local not-for-profit organisation based in Rabaul, East New Britain Province, which folded in December 2003 due to management problems. PHF was supported by B&Q of Britain (a major timber importer) to improve forest management and also to apply for certification. B&Q supports certification and good forestry and wants to see certified products on its shelves (Bass *et al.* 2001).

Although the PNG Bainings group was supported by a British do-it-yourself-retailer to improve forest management and apply for forest certification (Lindemalm 1997), the project ceased operations in December 2003 due to the expiration of its major funding contract. Some of the lessons learned have been applied towards the development of improved administrative systems in other operations.

According to former PHF staff members Wesley Watt (Eco-forestry officer) and David Samson (Programme Co-ordinator) who were managing the Bainings Eco-forestry FSC group certificate from 1994-1996, difficulties faced included:

- Market access: trouble in supplying the overseas markets and meeting demand on time with quality and quantity of required timber and absence of local niche market for FSC certified timber;
- 1994 disruption of normal business operations due to volcanic eruption;
- Technical complications, including the absence of Forest Management Plans and lack of compliance;
- Problems implementing the FSC International Standards with Correction Action Requests (CARs) not met on time;

- Absence of documented guidelines and directions for FSC Certification requirements;
- Very high costs of maintaining the FSC certificate;
- Inability of producers to implement certification themselves without assistance from PHF or donors;
- Low staff capacity (unskilled in forest verification and management);
- Very low NGO financial, technical, and capital capacity.

The operation was described as 'brukim bus' meaning it was carried out without any experience and on a trial basis. The major challenge was the rigor of the FSC certification process, which forced significant changes on forest owners in the way forests were being managed. It was recommended by these staff that community ownership of such projects was important, a difficulty in this case since the project was owned and managed by PHF. Although the community had the potential, they lacked the capacity, and staff argued that they should have been empowered in project management to sustain the FSC certificate.

The European Commission made certification a condition for continued funding of the Islands Region Environmental & Community Development Programme's (IRECPD) community forestry projects. Certification was used as an indicator of progress towards sustainable forest management in its overseas aid projects (Bass *et al.* 2001). As a consequence, 10,000 hectares of forests were certified by October 2000; these were community eco-forestry operations managed by the landowners in West New Britain Province, under IRECDP. They were certified by SGS under FSC's generic international standards (Damien 2002). In total, 22,500 hectares were certified in PNG under two FSC group certificates (PHF and IRECDP managed). Unfortunately both certificates expired and were not renewed because the groups could not meet the costs of the required annual review.

Currently, the European Union is funding a K 22.5 million (US\$ 6.63 million), five-year, Eco-Forestry Project aimed at assisting landowners with small-scale sawmilling and the export of certified timber. The money is being used by the Forest Authority's Eco-Forestry Programme (EFP) to develop community eco-forestry services that assist land and resource owners in PNG. It is also being used to fund the FSC PNG National Working Group meetings to develop the National Standards.

As can be noted in Tables 5 and 6, the community forestry programmes, whether certified or not, currently do not contribute much directly to the national accounts compared with conventional logging. There is still much work to be done in the community forestry sector. Many NGOs believe that forest certification is able to ameliorate environmental and social problems associated with forest management; however, they are conscious also that it demands both economic and labour commitment. Furthermore, most NGOs believe that forest certification is able to influence government policies in the forestry sector.

THE EMERGENCE OF FOREST CERTIFICATION

Initial Support

A country assessment on forest certification, commissioned by the interim group behind the formation of the Forest Stewardship Council (FSC), was undertaken in PNG in 1993 (Bun 1993). The study was coordinated by Jamie Ervin and undertaken by Yati Bun and the findings were presented at the FSC Founding Assembly in Toronto, Canada later that year. Shortly afterwards, forest certification commenced in PNG when the Bainings Community Forestry programme, based in Rabaul, East New Britain Province, was certified by SGS in July 1994.

The certificate was for five years with an annual review. Even then, despite the income generated by certified timber, there was little or no interest in forest certification by stakeholders. In the mid 1990s, SGS conducted a few training workshops for forest industry and government officials but there was no further interest.

For the 1993 certification country assessment in PNG, individuals and organisations were interviewed from social, environmental and economic sectors. These eventually formed into chambers for the development of a national FSC working group. However, the response for the FSC certification proposal from all stakeholders, particularly large scale logging companies, was poor. Major forest companies were of the view that forest certification was only for the smaller firms. The assessment report made the following five recommendations:

- FSC should be a general umbrella body, with clearly defined terms of reference and legally incorporated;
- PNG needed help to establish a national FSC working group;
- Where there was a conflict between FSC provisions and PNG laws, the latter would prevail;
- Allowances should be made for periodic review to permit changes as the process evolved; and
- Representation on the national board should be fair, with no single group able to dominate the board.

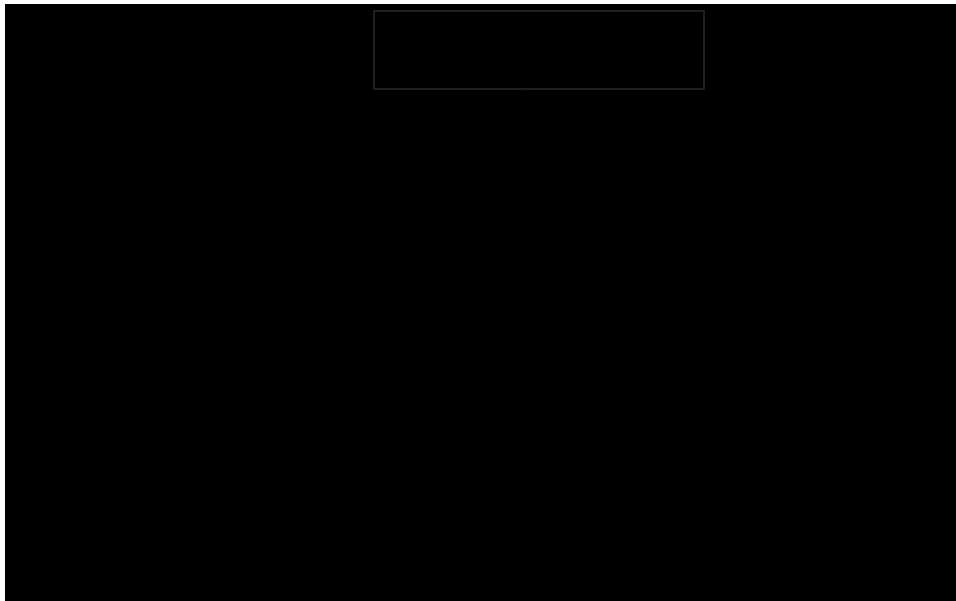
In the same year a delegation from PNG composed of Yati Bun (FSP), David Vosseler, Kalit Kelly (WWF South Pacific PNG Program) and Sasa Zibe (VDT) was invited to Toronto for the international FSC Founding Assembly.

By 1994 the major players that introduced forest certification in PNG were NGOs, especially the Pacific Heritage Foundation based in Rabaul, East New Britain Province. PHF managed the Bainings community forestry programme that was subsidised by B&Q of UK and it was one of the first community forestry projects in the world to be certified by SGS under the auspices of the FSC. This PHF-managed project demonstrated that community forestry and forest certification had the potential to preserve high levels of natural tropical production forests. A field study carried out on the Bainings site showed that certified portable sawmilling had less environmental impact than uncertified large-scale logging operations (Lindemalm 1997).

In 1996 PNG officially established an FSC certification process, with Yati Bun appointed as the country's first contact person to co-ordinate the PNG-FSC national standards development process. Attempts were made at this time to sensitise the PNG government to recognise the potential role that community forestry could play in forest management. Proponents of community forestry argued in favour of its importance in PNG where land and forest resources are customary owned. However, there was little government support or logging industry interest.

At the same time, a lot of media coverage occurred about bad logging practices and of disputes between companies and landowners over logging deals. Newspapers regularly carried stories of forestry operations that has been stopped by landowners or brought to court for non-compliance of contractual obligations. Proponents of certification argued there was a need to look for solutions and find alternative ways of doing things. The final organizational structure of PNG FSC that emerged over the years is presented in Figure 4.

Figure 4 Organizational chart for PNG FSC-National Working Group, February 2004



Source: PNG FSC Initiative Inc., 2004

The PNG-FSC national working group works closely with FSC International to ensure that it meets requirements. However, despite certification being implemented now for more than a decade in PNG, it has not provided an incentive for companies, forest producers and communities to get involved. One reason for this, contained in Bun's initial study, is an indifferent attitude towards certification among potential participants. People's interest in forest certification depended on whether it was useful for them or not. The market situation in PNG does not support certification because most

major players in the forest industry do not supply the certified market, although this may be changing with Innovision, a company operating in the Makapa Timber area of Western Province, considering becoming FSC certified because its major buyers are beginning to demand certified products under the FSC system. As of the time of this writing, Innovision had undergone a number of scoping visits, with full certification a possibility on the horizon.

Institutional Design

The National Forest Authority (NFA) serves under a Forest Minister and has a National Forest Board (NFB) with a secretariat that advises the director on matters brought to the Board for consideration. There is an NFB Advisory Committee and numerous Provincial Forest Management Committees (PFMCs). The Advisory Committee's role is to carry out research, training and education, marketing and industry development, and resource assessment policy and planning. The role of the PFMCs, on the other hand, which cover individual provinces, is to provide planning advice, make recommendations to NFB on the acquisition, allocation, enforcement, and supervision of logging licences and extensions, as well as to oversee rental payments and provide a forum for consultation. These activities are carried out by specialists and advisory and field staff employed by the NFA.

Although PNG's National Forest Authority has the mandate to manage the forest resources of the country and to set the rules and policies, problems arose in the 1970s and 1980s and corruption is rife. A major commission of enquiry in the late 1980s was held into the forestry sector to clean up the corrupt practices that were occurring (Barnett 1989). As a consequence of the enquiry's report, there have been major legislative and policy changes that came into effect in 1991. In spite of this, it seems that things have still not changed. The reality on the ground is that the practices of the past are being repeated but in a smarter and more dangerous way. The victims are the traditional landowners as well as the country as a whole.

The customary landowners are marginalised in the decision making process. They are seen by authorities as impediments to forestry development and do not get a fair return from their forests, which in many cases are their livelihoods. Many are now turning to developing their forest resources themselves, separately from the government system, and are looking to NGOs to help them. Unfortunately NGOs do not have the kind of resources that government and industry have and this has led to many frustrations from all quarters.

The PNG Forest Authority, which has the mandate to manage the forests, does not necessarily have the technical know-how or the professional knowledge to do the job. Poor decisions have been made due to lack of professional competence.

Today there are many stakeholders who care about how the forests are being managed and about the environmental degradation that is going on. Many initiatives are being taken outside of the government system towards achieving the overall goal of good forest management in the country. One such case is the initiative of NGOs taking the lead in developing national standards for forest management based on

FSC's ten Principles and Criteria. The FSC working group has succeeded in involving government representatives – a good initiative where cooperation has occurred.

The NGOs that are overseeing the FSC process are ensuring that the right things are done to enable forest certification to occur. A body has been established according to FSC's requirements for national initiatives and under the laws of PNG, and will oversee forest certification work in the country.

Standards

In developing PNG FSC's National Standards, key issues to be addressed included bribery of leaders at all levels of forestry, transfer pricing of species and unequal sharing of benefits, and mistreatment of customary forest resource owners. For the first time, the forest resource owners were allowed to represent themselves in the FSC National Standards development process and were able to speak their minds about how they wanted to plan and manage their resources. But at the same time, this participation created difficulties for the large-scale logging companies, who feared they would not be able to comply with the very high standards set by the NGOs, small to medium scale producers, land owners, the government, and academics.

In the PNG FSC experience, the National FSC Standards can be too hard for certifiers to use and monitor logging operations and require amending after field tests. During standard setting in PNG, the danger of bias towards resource owners and environmental NGOs needed to be resisted if the standard is to be both economically viable and realistic. The national working group incorporated comments from the large-scale Forest Industry Association (FIA) into the final version of the National Standards after consultative meetings; therefore the standards development process is a holistic representative process.

The process of developing PNG FSC National Standards for Forest Management began in March 1996 with a national education and awareness workshop on certification that was attended by representatives from government, industry and NGOs. Yati Bun was appointed the National FSC Coordinator by the PNG FSC National Initiative. At that same meeting, broad terms of references were drawn up for a National Working Group composed of three representatives from three chambers (Social, Economic and Environment). Gender balance was also considered to be an important criterion in determining chamber representation.

Working group members met in March 1997 and the process of developing national standards began. The organizations that currently represent the different chambers are: (a) Economic chamber: VDT, Tavilo Timbers, National Forest Authority (NFA); (b) Environment chamber: Forest Research Institute (FRI), EFF and PHF (since PHF ceased a replacement is being sought); and (c) Social Chamber: East Sepik Council of Women (ESCOW), PNG Council of Churches (PNGCC) and East New Britain Eksen Komiti (ENBSEK).

The National Standards are developed by the PNG-FSC National Working Group Members are co-ordinated by Yati Bun and with technical assistance from Israel Bewang (an FPCD employee) and Peter Dam (who used to be a private consultant and

is currently the FORCERT Manager (see below)). The PNG-FSC Working Group was registered in May 2003 with the Investment Promotion Authority (IPA), with the help of ELC lawyers. After constitutional amendments are completed it will elect a Board of Directors and proceed to implement several important tasks including the finalisation of the national standards, the establishment of a National FSC body, and a field test of standards. Funding for the National Standards Working Group comes from the Inter-Church Organization for Development Cooperation (ICCO), FSC International and the PNG Government's European Union-funded Eco-forestry Programme (EFP). This working group is voluntary and there is very little financial support for FSC-PNG.

Due to lack of funding and a full-time worker in PNG-FSC matters, the Working Group developed the standards over several years and completed them in September 2000. During the standards development process, international FSC working group procedures were followed, with fair decision-making procedures, maintaining transparency and accountability, adequate participation and representation from the government and forest industry and a clear mechanism for their future revision. Harmonization with international standards was closely monitored.

The process of endorsing the PNG FSC certification standards has been going for some time now. In April 2001 PNG's FSC standards were submitted to FSC International Secretariat for endorsement, but were returned with pre-conditions because not all the formal requirements were met. These included (a) the removal of text from FSC's original P&C wording; (b) the high number of non-FSC international members on the working group; (c) the absence of a legally registered FSC National Working Group; (d) the replacement of terms from the original text; and (e) the absence of formally recorded minutes of the meeting that endorsed the standards. When the standards were resubmitted in 2003 one of the major comments was that the documentation submitted to FSC did not fully reflect the consultation process that led to the development of the PNG standards.

The FSC Accreditation Business Unit recommended that the PNG Working Group keep more formal records relating to the management and future development of the PNG National Standard. The PNG standards were resubmitted in early 2004 with improvements as recommended and are with the FSC International Board for endorsement. All stakeholders were given the opportunity to make comments on all drafts of the standards before they were submitted. After the pre-conditions are met the standards will be endorsed with conditions of compliance.

Despite these delays in endorsing the standards, PNG remains one of the pioneer countries in FSC in the Asia Pacific Region. By 1998 three projects were certified using International FSC Standards and the large-scale logging company Makapa Innovision PNG Limited is showing interest in pursuing it. Two other large companies, Stetin Bay Lumber Company (SBLC) and JANT, have also expressed interest.

There is still much to be done with the PNG standards. There is a need to field test the standards at both the large-scale logging and community-based forestry levels and make necessary improvements. The field test will be done with companies that are willing to move into forest certification and are willing to pay for certification.

The other standards being developed are those initiated by the International Tropical Timber Organisation (ITTO). As PNG is a member of ITTO, it is obliged to comply with what is proposed by ITTO. There is a PNG-ITTO committee in place whose task is to be a conduit for work coming into and going out of the country. The PNG-ITTO working group has not been active, although it was formed some two years ago. There was a workshop on National Criteria and Indicators for Sustainable Management of Natural Tropical Forests in August 2002 that was attended by various stakeholders, including the industry, NGOs and the government. In it, the Criteria and Indicators for forest management at the national and forest management unit level are being developed. The workshop aimed to develop a set of ITTO compatible standards that could then constitute a PNG national standard that could be accredited with the PEFC. However, not much progress has been made thus far.

THE REACTION TO CERTIFICATION

Forest Policy Community

The main supporters of certification are NGOs, including FPCD, PHF, WWF, EFF, the recently established FORCERT and legal NGOs like ELC. The government's Eco-Forestry Programme is also supportive, as it was one of the earlier groups to back FSC certification in PNG and to successfully obtain a FSC group certificate. Donors that support certification (via donations and/or other assistance) to the above NGOs include the European Union, the Evangelischer Entwicklungsdienst (EED) (an association of Protestant churches in Germany), the John D. and Catherine T. MacArthur Foundation, the InterChurch Organization for Development Cooperation (ICCO) of the Netherlands, FSC International, DOEN Foundation of the Netherlands, and B&Q of UK.

There are also a few logging companies that have provided assistance to forest certification as part of their work, but their support has been inconsistent and has not been followed up. NGOs are viewed as more reliable and have more clearly specified objectives on what they want to achieve. They have established groups like the Eco-Forestry Forum (EFF) through which they contribute towards awareness and promotion of certification ideas through advocacy and media.

The main challenge confronting NGOs is to convince the landowners that forest certification is more beneficial to them in the long run compared to the current practices. With the current economic situation in PNG, it is not easy to convince producers to undertake a lengthy and expensive certification process before being able to market products as certified.

Certification has proceeded slowly in PNG. Although there is some interest, as demonstrated in 1999 when a large logging company, Innovision (PNG) Ltd, opted for FSC under SGS's Certification Support Program (CSP), so far very few companies have taken it seriously. The most obvious reason for this low level of interest is the cost of certification. While such costs could be offset by a price premium for certified timber, many timber producers claim that no such premium exists (Bass *et al.*, 2001).

While NGOs are in general enthusiastic about certification, the PNG government seems to be neutral about it (Avosa 2002). This is so even though two community forestry groups have received certificates issued under the FSC certification system since 1994; the first draft of the PNG standards following the FSC global principles and criteria was presented to them; and the EU-funded PNG Eco-Forestry Program, which the PNG government is now in charge of, is promoting certification.

The main reason that the PNG government does not fully support certification is that most of the country's logging companies are supplying logs to non-certified markets. It is only when the buyers are prepared to pay more for certified logs from PNG – resulting in higher log prices – that the government will be convinced. It is apparent the big logging companies have been disinterested in forest certification with the exception of one or two. It is only when government supports forest certification and sets accepted policy standards that the logging companies will consider compliance with the standards (Mondiai, personal communication, 2004).

Michael Avosa, the Country Foreign Aid Co-ordinator of the National Forest Authority, observes in relation to the role of government towards forest certification:

The PNG Government is neutral on the issues surrounding forest certification at the political level. There is participation from the administrative arm responsible for forests in both national and international levels. The Government's attitude in general has been to accommodate, facilitate and recognize the process of forest certification of any form. The government accepts invitations to attend meetings including a meeting in Nadi, Fiji in 2002, which provided the mandate to facilitate a better understanding of forest certification issues, costs and benefits and formulation of strategies towards countries in accepting forest certification as a tool for sustainable forest management.

Government remains a partner and recognizes certification without any political support and, through its EU funded EFP programme, supports the FSC Standards and Working Group meetings and it does not mean that Government is aligned to FSC certification scheme. The Government at administrative level supports ITTO Criteria and Indicators workshop for good forest management too and there is a working group working on that. The Government's draft policy indicates that timber certification is a market driven process to be left to the industry and the civil society groups assisting resource owners to satisfy the market demands. Government is working closely with FSC National Standards Working Group and its firm stand is that it is committed to issue of forest certification is dealing with it in a manner that is fit for public consumption especially the village based community (Written contribution, National Forest Authority 2004).

The above statement from the NFA clearly shows that the PNG government is partaking and making some efforts in forest certification. However, FSC certification is striving to get itself established in the absence of political support from the government, apart from its commitments under the European Union-funded Eco-Forestry

Programme. The government wishes to remain neutral with respect to certification. Judging from the latest international statement by the Minister of Forests at a recent ITTO meeting, they prefer to leave the matter to industry and interested parties to pursue (Post Courier 2004).

Industry

The Forest Industry Association (FIA) is a lobby group representing the interests of around 85 percent of the overseas logging companies operating in PNG. The FIA is funded through a voluntary levy paid by its members according to the volume of their log exports. It is dominated by one company, Rimbunan Hijau, which provides around two thirds of the FIA's annual operating costs. In a recent comment, FIA's view was reported as follows:

PNG is a developing country and in a different situation compared to developed countries with regard to their needs, possibilities and resources in making use of forest certification. Certification is perceived as another market requirement imposed by importers, is difficult to meet and may constitute a barrier to trade rather than promotion of export. PNG's forest industry is working towards a PNG National Forest Standard encompassing forest and timber attributes in PNG. FIA is spearheading the approach of mobilizing the Pacific Island Forest Industries to achieve Sustainable Forest Management (SFM) through working under the umbrella of a format of a regional forest and forest product quality certification scheme that is similar to Malaysian Timber Certification Council (MTCC), utilizing where possible components of ITTO sustainable forest management criteria to create a comparative advantage in Pacific island tropical forest product industries from a global to a regional to an individual country perspective.

Given relative high cost and limited uptake of certification, certification schemes over recent years throughout tropics and PNG in particular, greater interest is being shown in procedures to independently verify the legal status of forestry operations. This alternative is a cheaper and more realistic option in many countries than full certification to sustainable forest standards. This interest is being encouraged at an international level through organizations like ITTO (National 2004).

The above statement clearly outlines the FIA stand on forest certification, showing that FIA is concerned about the cost of full certification and thinks it is unrealistic for developing countries like PNG. FIA, however, has not tried the FSC scheme and has no field experiences with it in PNG.

The logging industry demonstrated an interest in forest certification only after hearing expressions of interest from their buyers. A classic example is the Makapa Forest Concession, which decided to adopt FSC certification only after their buyers demanded it (IKEA 2000). Those that are moving into certification have been pressured to take that route by buyers. The Innovision Company in Makapa is preparing

for certification and believes that forest resource sustainability is very important and when all requirements are met the market can be very rewarding (Mamalai, personal communication, 2004). They are also supported by Greenpeace and have access to premium markets in Australia and New Zealand under a Certificate of Origin. They are still undergoing preparation for certification with advice from SGS Malaysia.

Currently a lot of timber buyers have called to ask for certified wood. In the region specifically, there is interest from buyers in New Zealand and Australia. According to Greenpeace, Bunnings – Australia’s largest hardware retailer – pledged to buy only from legally operated timber projects in Asia-Pacific region, with timber being tracked through a Chain of Custody process to verify that it is coming from well managed and legally operating forests, preferably certified under the FSC Scheme. The logging industry and governments may yet respond to this market (Iko-Forestri Nius 2003).

Other markets include the Woodage (Mittagong, NSW, Australia), which supplies FSC certified timber, furniture and joinery timber, flooring and other manufactured timber products. This company wishes to work with PNG to develop trade in eco-timber products in a manner that satisfies the long-term needs of all parties (Iko-Forestri Nius 2002b). The ITTG market in New Zealand is also under-supplied. If the current markets were supplied, then this could lead to other markets in Europe that could be arranged through the Ecohout Foundation, which is in touch with number of FSC buyers in Netherlands, Germany and United Kingdom. The details of European and American buyers can be arranged through WWF’s Global Forest & Trade Network.

Forest Owners

Forest owners that have obtained certification have been very supportive. They did not pay for certification, however, as it was paid for by third parties – in one case, by B&Q of UK and in another case, by the European Union. Landowners needed to be educated and there is currently no government policy in place to do so. About 80 percent of the population are rurally based and the level of illiteracy is about the same. Many of these illiterate landowners do not make informed decisions when it comes to dealing with their forest resources. They sign away their rights to the government for logging to take place. NGOs have been very limited in their resources. Currently they are active in 10-20 percent of the country and the rest of the country and resource owners are left to their own devices. The current government systems are geared towards round log exports and to large-scale logging companies and there is insufficient energy to put into certification.

The FSC certification process enables landowners to have equal representation and rights to the development of their forest, hence all the more reason to ensure the FSC system is followed. More importantly, landowners realise that they will have a sustainable source of income if they comply with FSC’s principles and criteria. To the resource owners who try to be forest managers themselves, the more scientific and detailed the process is, the more time consuming and laborious it becomes; this could discourage resource owners who are unused to such practices. However, the long-term sustainability of biological diversity is still in question because the economic benefit combined with increasing population growth puts a lot of pressure on the natural forests.

FORCERT

A process has begun in PNG under the FSC system to make certification more accessible to communities seeking forest certification. The process is called Forest Management and Product Certification Service Ltd (FORCERT) (see Figure 5). It is being established after a National Forest Certification Service (NFCS) feasibility study that took place from August 2001 to June 2002, which demonstrated that there was a clear interest from small scale producers and timber yards.

FORCERT is a partnership not-for-profit organization that aims to assist both community-based, small-scale milling operations working on their own land and contractors working on customary land under an agreement recognized by FORCERT as certifiable according to FSC National Standards' Principles and Criteria (Dam 2004). The role of FORCERT is to guide the partner organizations in a collaborative manner, based on a working agreement between the partner organization and FORCERT, so that they can have access to certification. FORCERT was initiated to overcome the difficulties experienced by many producers in obtaining access to certification.

FORCERT's plans are to facilitate certification by surmounting the very high costs of forest certification that can cripple a producer's operation. At the same time, it aims to identify premium timber markets that want to buy certified timber from PNG and trade directly with them. The trend in PNG has been that certification is a donor-funded activity and once the money runs out, certification ends. FORCERT aims to be a self-funding entity that operates independently of external funding. The partner organizations include service providers (like NGOs and research institutions), forest resource owner organizations, timber producers, and company owners. FORCERT will use just one forest management certification system that is easily understood by all stakeholders who want their forests to be certified. They will apply to have a single FSC-Group Certificate covering all members, which will be managed by FORCERT. Its generic checklist for assisting producers to prepare for certification is derived from PNG FSC National Standards. It plans to assist forest managers to prepare their forests for certification. FORCERT will manage the group FSC-certificate when it is obtained and member-producers will sell their products through it.

FORCERT currently has four members of staff who take care of the management of the organization. Peter Dam is the Manager and is the key consultant who drafted and directed the PNG FSC National Standards under coordination and assistance from the authors. He works with three other foresters located in different regions. FORCERT supporters believe that it can solve problems of forest certification being faced by producers in PNG. The diagram below shows how FORCERT will operate its service with the networking stakeholders.

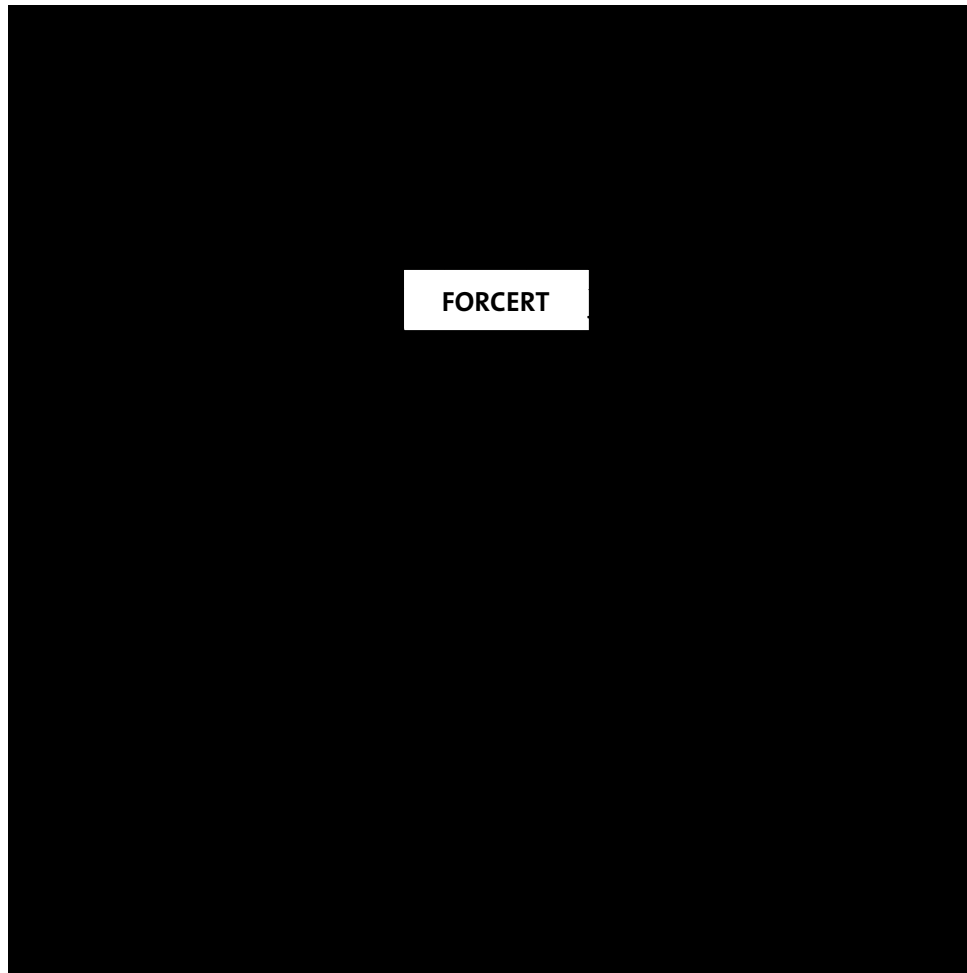
Current Status of Forest Certification

Tables 5 and 6 set out the certified areas and community forestry programmes that either are, or are ready to be, certified under the FSC system. The area to date is less than one percent of the total production forest area. The main certified product is sawn timber based upon the proper and controlled use of portable sawmills. The areas

were certified under the FSC group certificate program of SGS and do not register in the overall national economy.

If Innovision Makapa Timber or any one of the large logging companies takes forest certification seriously, then it could be a big milestone. The Makapa Timber area operated by Innovision of Malaysia has been undergoing a certification support project (CSP), an SGS initiative for the past 2 years. Innovision Makapa Timber area has about 60,000 hectares and is ready to be certified fully. However, recently Innovision contracted a logging company to do its logging, complicating its certification efforts.

Figure 5 PNG Group Certification Service Network Organogram (FORCERT)



Source: FORCERT Organizational Profile 2004

Current Status of the Certified Marketplace

A community forestry operation cuts about an average of one cubic meter a day. Moreover, it only cuts as and when money is needed and it is not a full time business. The current market of the certified communities in Kimbe is the Walindi Timber Yard. The Walindi Timber Yard then exports the timber products. There are other community groups that have worked towards certification and have exported and marketed timber that has some kind of “eco-label” on it.

The Madang Forest Resource Owners Association (MFROA), for example, exports sawn timber under an “eco-label” to buyers in New Zealand. The buyers group in New Zealand has developed basic guidelines as to where they would get their timber. Through assistance from Greenpeace New Zealand, FPCD was able to link MFROA with New Zealand-based International Timber Trading Group (ITTG). ITTG has strict guidelines for environmentally appropriate, less destructive practices for good forest management and for ensuring that the timber is produced by the local people with minimum environmental impact and with the resource owners getting the maximum benefit from the product (Elliot 2002). It is not an alternative to forest certification but a way forward towards certification because, currently in PNG, the local resource owners do not have the financial capacity to meet the very high costs of certification. If nothing were done, this would mean that certification would not help those that it is intended for and would favour those with financial wealth who can meet the costs of certification. This group is trying to build their financial capacity and future so that they can have access to the certified premium markets. They earn very high premium prices compared to what they would earn from selling their product locally. The ITTG group prefers certified timber and expects the local groups to improve their forest management practices and get them certified and they offer the local groups a better price to do that.

In return the sawn timber producers have complied with the local FSC standards and are managing their forest resources within the set guidelines. Their product has not reached full FSC requirements as yet but in the interim these “eco-label” standards are being used. Eco-label products still do not meet market demand and are only cut to order. These groups are exporting about 20 cubic meters of premium-sawn timber every three months, a miniscule amount compared to the total production of the forest industry sector.

There are buyers in Australia who have shown interest in purchasing certified timber from PNG and to date demand far outweighs supply. There is no niche domestic market for certified timber in Papua New Guinea, but rumours are widespread that there is an existing premium market in Europe and America. However, this cannot be verified by the data, a factor that contributes to discouraging certification in PNG.

EFFECTS OF CERTIFICATION

Forest certification has not made much impact in PNG mainly because the major players in the sector are not pursuing certification. Current volumes of certified timber amount to less than one percent of commercial production forest and directly affect a population of less than 1,000 people. If, however, Innovision Makapa does get certified – or another logging company decides to pursue certification – then perhaps the story will be different.

Certification is another route to forest management, which enables landowners and all stakeholders to become meaningful and equitable partners in forest development and management. Forest certification enables all to see the forest as a whole, acknowledging the many and varied benefits the forest offers.

The returns that one gets from forestry are not restricted to timber alone and are not properly accounted for. Equity is fundamental and through certification all stakeholders meet to decide how best to manage the forest so that all benefit. Certification can also play a role in conflict resolution by ensuring that where there are disputes, processes are adopted to get them sorted out.

The overall goal is good forest management practices and therefore forest certification is a tool that is worth pursuing, especially in PNG where there has hardly been any forest area that has been managed properly in the past 30 or so year of logging in the country.

Power

The main impact is that those communities participating in the projects seem to be getting a better deal with timber exports. This has caused others to take an interest in certification; however, they are limited by their lack of access to portable sawmills that they could use to cut timber.

Many communities do not want to sell their timber resources to the government and industry but are seeking to develop their forest resource themselves. While they feel this is a better route to go, they are hindered by a lack of resources. Despite their interest, the biggest problem that confronts landowners is that the government machinery is set up to serve large-scale logging companies and not these community forestry initiatives. While the local people look to NGOs for help, NGOs do not have the resources to attend to landowner needs and aspirations. There is a possibility that if landowners continue to do things themselves, the tables could be turned and the government and the industry may find themselves being marginalised in forestry development.

Large-scale logging has a lot of influence in determining the way things are done in the country. There is no question about their financial muscle or their political influence. However there is also a growing local voice in the sector as well to ensure that things are done right.

The PNG government, through the Forest Authority, is now taking charge of the European Union-funded PNG Eco-Forestry Programme whereby four communities had been certified under the FSC certification system. There is no formal position of

the government in relation to certification, but by default they are already supporting the FSC group certification in community forestry that they have inherited from the EU. It remains to be seen whether the Forest Authority will continue to support those certified community groups after the EU-funded programme ends.

Social

The current certified community appears to have experienced benefits that non-certified communities have not. They are getting better prices for their timber as well as getting more attention concerning forest management.

In many respects the communities do not fully understand what certification is about because some of the projects, such as the EU Eco-Forestry Programme, are managed by a small group, not the community as a whole. It should be pointed out again that we are talking about a very small niche in the forestry sector – less than one percent of the total production forest areas. The whole country is still very much into large-scale logging and carrying on with business as usual.

The certification of community forestry has also made a dent in conventional forestry business and is making the industry as well as the government at least pay attention to forest certification. The certification experience under the FSC system that PNG has gone through was able to attend to issues not addressed by conventional logging practices. More importantly, forest certification has shown tangible ways of managing the forests, unlike conventional forestry practice.

The Melanesian societies throughout PNG learn from models or demonstrations from which one can benefit and earn a living. This is why certification or any good forestry model that brings benefits (short and long term) can be easily accepted and supported by local communities. Positive impact and benefits of forest certification on the livelihoods of the people of PNG is unclear at the moment and needs to be carefully demonstrated to have landowners' participation and commitment.

Economic

There is definitely a positive economic effect on communities that had their forest certified. These communities get a better price for their timber products and generally have a better lifestyle than those that are not certified. The biggest challenge is for the communities to maintain their group certificate, as up until now the whole certification work has been funded and managed by outsiders. The EU Eco-Forestry Program will be ending in a year or two and the test will come thereafter.

There is not much impact in the whole country, as the certified communities constitute a total of less than 25,000 hectares and the volume produced is less than 200 cubic meters annually. The ITTG group that is buying timber from MFROA is very important for building the capacity of the community involved because the timber is directly produced by the local communities and will have a direct impact to the communities.

Environmental

The 20,000 plus hectares of certified forests will be a model of how things should be done if they are maintained. However, because the current certified donors subsidize communities heavily, there are still many questions raised as to whether the communities can maintain their certificate after the funding support stops. However, in general, all community forestry/eco-forestry practitioners that have undergone forestry training manage their forest resources sustainably, taking on board the needs of FSC's three foundational chambers: the social, environmental and economic elements of forestry development. Environmental management is captured well under the FSC forest certification system. An added value is very important because customary landowners own the forests and it is in their interests to ensure proper practices are done so that communities continue to benefit from the many resources they get from the forests, apart from certified sawn timber, for many more years to come. To achieve minimal environmental impact, capacity is required to ensure that the policies are environmentally sound and practical and are implemented in the field.

CONCLUSION

Summary

Forest certification began in Papua New Guinea in 1993 by way of a national study commissioned by the interim group of the Forest Stewardship Council on eco-labelling, which was presented in Toronto at the FSC founding assembly the same year. Actual forest certification work took place in PNG in 1994 where a community forestry group based in East New Britain was certified. The work was certified by Société Générale de Surveillance (SGS).

Roadblocks and Challenges

The roadblocks to forest certification are government indifference, the lack of education and awareness, and donor dependency.

The PNG government is officially neutral with respect to forest certification, although there are cases where there have been conflicting statements, creating confusion as to what the government's position actually is. Government indifference has led to little pressure for change in the forest management sector, resulting in continued problems for landowners. These people have lost out; apart from the pittance they are getting for their forests, their lives have been disrupted and very much affected by the logging operations.

The second challenge, therefore, is to educate the landowners to manage the forest resources themselves and improve their living standards by using the opportunities provided by certification. Many of the NGOs are working with landowners to meet this challenge and there are success stories of communities taking charge of their forest resources and doing things on their own after getting the proper training and advice.

On the other hand, and notwithstanding these small successes, certification appears to be in a stalemate in PNG, neither moving forwards nor backwards. While community groups like Madang Forest Resource Owners Association and similar community groups around the country seem to be interested in certification, they do not have the financial, technical, and resource capacity to move forward.

At present, certification is marginalised under a business-as-usual traditional forestry paradigm in which foreign owned companies collaborate with an indifferent government. What could make a significant difference is the adoption of certification by a major logging company. This would make a major impact and could turn the tide. The Forest Industry Association (FIA) is working on a step-wise certification system that can be adopted in PNG apart from the commonly supported FSC certification scheme, and ITTO and PNG stakeholders are developing Criteria and Indicators for Forest Management Units and National Standards.

Future Developments

For forest certification to make an impact in PNG, the international bodies need to continue to make the consumers aware of the need to purchase timber from credible sources and especially from sources where communities are managing it. This is important for tropical countries and especially important for countries like PNG where 97 percent of the land and forest resources are customary owned. For the international countries buying timber from PNG, special consideration needs to be taken as well of the uniqueness of PNG's situation and to be able to give incentives and or special attention so that it stands apart from the conventional way of doing things.

The down side of international involvement is that donor funding heavily subsidizes the certified operations, including most of those community forestry programmes. The challenge will be whether work will continue after funding has stopped. The other issue is whether premiums are being received from the sale of certified forest products. Currently in community forestry operations, the landowners are getting a better price for their products. If things develop and if a logging company gets certified, will they get premiums for the certified products? This question is still important.

Future Research

Research is needed in PNG to carefully analyze the effects of certification – specifically, its social and economic impacts. An independent assessment of forest certification through a participatory approach is needed. Especially urgent is research to determine why it is taking so long for forest certification to move forward in PNG, unlike other industrialised and neighbouring states like Indonesia and Malaysia.

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LIST OF ORGANIZATIONS CONSULTED

Organization	Date	Location
Madang Forest Resource Owners Association	26 Jun 2004	Madang, Madang, PNG
Gogol Naru Association	26 May 2004	Madang, Madang, PNG
National Forest Authority (Verbal & Written)	21 June 2004	Port Moresby, NCD PNG
Eco-forestry Forum	22 June 2004	Port Moresby, NCD PNG
Partners With Melanesia	22 June 2004	Port Moresby, NCD PNG
Forest Industry Association (FIA) (Written)	19 June 2004	Port Moresby, NCD PNG
FORCERT	25 May 2004	Kimbe, WNB PNG
Innovision LTD	26 May 2004	Port Moresby, NCD PNG
PHF (Former Staff)	25 August 2004	Madang, PNG

ACRONYMS

AAC	Annual Allowable Cut
CAR	Corrective Action Request
C&I	Criteria and Indicators
CSP	Certification Support Program
CELCOR	Centre for Environmental Law and Community Rights
DEC	Department of Environment and Conservation
EED	Evangelischer Entwicklungsdienst (A Church Development Service-an Association of Protestant Churches in Germany)
ELC	Environmental Law Centre
ENBSEK	East New Britain Eksen Komiti
ESCOW	East Sepik Council of Women
FIA	Forest Industry Association
FMA	Forest Management Agreement
FORCERT	Forest Management and Product Certification Service Ltd
FPCD	Foundation For People and Community Development Inc.
FRI	Forest Research Institute
FSP	Foundation of People of South Pacific
ICCO	Inter-Church Organization for Development Cooperation
IPA	Investment Promotion Authority
IRECDP	Islands Region Environmental & Community Development Programme
ITTO	International Tropical Timber Organization
JANT	Japanese New Guinea Timber
LCOP	Logging Code of Practice
LFA	Local Forest Area
MFROA	Madang Forest Resource Owners Association
MTCC	Malaysian Timber Certification Council
NFA	National Forest Authority
NFB	National Forest Board
NFS	National Forest Service
PFDs	Proposed Forestry Developments
PFMC	Provincial Forest Management Committee
PHF	Pacific Heritage Foundation
PNG	Papua New Guinea
PNGCC PNG	Council of Churches
PNGFA PNG	Forest Authority
PNGFSCWG	PNG Forest Stewardship Council National Working Group
RH	Ribunan Hijau
SGS	Société Généralé de Surveillance
SBLC	Stetin Bay Lumber Company
TRP	Timber Rights Purchase
VDT	Village Development Trust

